



Fort Ord Reuse Authority

920 2nd Avenue, Suite A, Marina, CA 93933
Phone: (831) 883-3672 • Fax: (831) 883-3675 • www.fora.org

ADMINISTRATIVE COMMITTEE

8:15 A.M. WEDNESDAY, APRIL 17, 2013

920 2nd Avenue, Suite A, Marina CA 93933 (FORA Conference Room)

AGENDA

1. **CALL TO ORDER AT 8:15 AM**
2. **PLEDGE OF ALLEGIANCE**
3. **ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE**
4. **PUBLIC COMMENT PERIOD:**
Members of the audience wishing to address the Fort Ord Reuse Authority (FORA) Administrative Committee on matters within the jurisdiction of FORA, but not on this agenda, may do so during the Public Comment Period. Public comments are limited to three minutes. Public comments on specific agenda items will be heard under that item.
5. **APPROVAL OF MEETING MINUTES**
 - a. April 3, 2013 Administrative Committee Minutes ACTION
 - b. April 3, 2013 Joint Administrative and CIP Committee Minutes ACTION
6. **APRIL 12, 2013 BOARD MEETING/WORKSHOP FOLLOW-UP** INFORMATION/ACTION
7. **OLD BUSINESS**
 - a. HCP Update INFORMATION
 - b. Capital Improvement Program Phase II Study INFORMATION/ACTION
 - i. Formula Calculation
 - ii. HCP payout rate sensitivity analysis
8. **NEW BUSINESS**
 - a. Post-Reassessment Category III INFORMATION
9. **ITEMS FROM MEMBERS**
10. **ADJOURNMENT**

NEXT MEETING: MAY 1, 2013

*Information about items on this agenda or persons requesting disability related modifications and/or accommodations can contact the Deputy Clerk at: 831-883-3672 * 920 2nd Avenue, Suite A, Marina, CA 93933 by 5:00 p.m. one business day prior to the meeting. Agendas can also be found on the FORA website: www.fora.org.*



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ADMINISTRATIVE COMMITTEE MEETING

8:15 A.M. WEDNESDAY, APRIL 3, 2013

920 2nd Avenue, Suite A, Marina CA 93933 (FORA Conference Room)

MINUTES

1. CALL TO ORDER

Chair Dawson called the meeting to order at 8:20 a.m. The following were present, as indicated by signatures on the roll sheet:

Carl Holm, County of Monterey*
Elizabeth Caraker, City of Monterey*
Debby Platt, City of Marina*
John Dunn, City of Seaside*
Diana Ingersoll, City of Seaside
Anya Spear, CSUMB
Tim O'Halloran, City of Seaside
Jonathan Pasula, Monterey County PW
Patrick Breen, MCWD

Bill Collins, BRAC
Mike Zeller, TAMC
Graham Bice, UCSC
Vicki Nakamura, MPC
Bob Schaffer
Crisand Giles, BIA Bay Area
Scott Hilk, MCP
Chuck Lande, Marina Heights
Jane Haines, Sierra Club

FORA Staff:
Michael Houlemard
Steve Endsley
Jim Arnold
Jonathan Garcia
Darren McBain
Crissy Maras
Lena Spilman

* Voting Members

2. PLEDGE OF ALLEGIANCE

Carl Holm led the Pledge of Allegiance.

3. ACKNOWLEDGEMENTS, ANNOUNCEMENTS AND CORRESPONDENCE

Co-Chair Houlemard discussed the May 2-3, 2013 Fort Ord Prevailing Wage Conference.

4. PUBLIC COMMENT PERIOD

None.

5. APPROVAL OF MARCH 6, 2013 MEETING MINUTES

MOTION: Diana Ingersoll moved, seconded by Carl Holm, to approve the March 20, 2013 Administrative Committee meeting minutes, as presented.

MOTION PASSED: Unanimous.

6. MARCH 22, 2013 BOARD MEETING/WORKSHOP FOLLOW-UP

Associate Planner Darren McBain provided a report on the Board workshop and the formation of the Post-Reassessment Advisory Committee.

MOTION: John Dunn moved, seconded by Elizabeth Caraker, to support expeditious review of Category I corrections/ edits and Category IV policy options.

MOTION PASSED: unanimous

7. APRIL 12, 2013 BOARD MEETING AGENDA REVIEW

Executive Officer Houlemard reviewed items on the April 12, 2013 Board agenda and discussed an upcoming discussion and jurisdiction meeting that would be scheduled to discuss the 2014 expiration of the Pollution Legal Liability Insurance Policy with all affected jurisdictions.

8. OLD BUSINESS

a. HCP Update

Senior Planner Jonathan Garcia provided an update on the progress of the Habitat Conservation Plan.

9. NEW BUSINESS

None.

10. ITEMS FROM MEMBERS

None.

11. ADJOURNMENT

Chair Dawson adjourned the Administrative Committee to the Joint Administrative/Capital Improvement Plan Committee meeting at 9:47 a.m.

Minutes Prepared by:

Lena Spilman, Deputy Clerk

Approved by:

Michael A. Houlemard, Jr., Executive Officer



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JOINT ADMINISTRATIVE/CAPITAL IMPROVEMENT PROGRAM COMMITTEE

9:00 A.M. WEDNESDAY, APRIL 3, 2013

920 2nd Avenue, Suite A, Marina CA 93933 (FORA Conference Room)

ACTION MINUTES

1. CALL TO ORDER AT 9:00 AM

Administrative Committee co-Chair Daniel Dawson called the meeting to order at 9:40 AM. The following people, indicated by signatures on the roll sheet, attended:

Committee Members

Debby Platt, City of Marina

Tim O'Halloran, City of Seaside

Anya Spear, CSUMB

Carl Holm, Monterey County

Daniel Dawson, City of Del Rey Oaks

Graham Bice, UC-MBEST

Elizabeth Caraker, City of Monterey

Scott Hilk, MCP

Crisand Giles, BIA

Patrick Breen, MCWD

Bob Schaffer, MCP

Beth Palmer, Monterey Downs

Brian Boudreau, Monterey Downs

Michael Houlemard, FORA

Steve Endsley, FORA

Jim Arnold, FORA

Jonathan Garcia, FORA

Crissy Maras, FORA

2. PUBLIC COMMENT PERIOD – none

3. OLD BUSINESS

a. Capital Improvement Program Phase II Study

EPS, the Phase II consultants, joined the meeting via conference call. The committee reviewed an updated Table 1, which illustrated the Sensitivity Analysis: 100% Jurisdictional Forecasts model. It was noted that once the FORA Board adopts the new development fee, the next opportunity for review will be Spring 2014, and then every two years after that. The fee will continue to be adjusted as capital improvement programs are refined. The committee discussed how the fee would be impacted by the Habitat Conservation Plan endowment capitalization period, contingency, and payout rate.

Debby Platt made a motion to recommend an information item to the FORA Board in April and to direct EPS to prepare a new fee calculation, using the adopted 2012/13 Capital Improvement Program and assuming a 2% payout rate on the HCP, to produce a new development fee amount that could be presented to the Board in May. Carl Holm seconded and the motion passed unanimously.

b. Jurisdiction Development Forecast Updates

Jurisdictions agreed to send any updated development forecast information for FORA FY 2013/14 CIP document annual preparation prior to the next CIP Committee meeting.

4. ADJOURNMENT

The meeting was adjourned at 10:50 AM.

Minutes prepared by Crissy Maras, Grants and Contracts/Records Coordinator

Draft Summary Materials

FORA Phase II CIP Review

The Economics of Land Use



Prepared for:

Fort Ord Reuse Authority (FORA)

Prepared by:

Economic & Planning Systems, Inc. (EPS)

April 12, 2013

EPS #21462

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Figure 1
Fort Ord Reuse Authority
Phase II Capital Improvement Program Review
Summary of Key Analysis Assumptions, Results, and Implications

Issue	Current Analytic Basis	Result/Implications	Caveats
1. Land Use Absorption	<ul style="list-style-type: none"> - Current analysis based on adopted CIP development forecasts provided by member jurisdictions. - CIP development forecasts have standing - adopted by FORA Board. 	<ul style="list-style-type: none"> - Generates high levels of revenue associated with absorption (e.g. land sales and property tax). - Development and capital improvements are fully calibrated to Fort Ord buildout (i.e. "apples to apples" comparison). - Results in significant CFD Tax and Fee Policy reduction (\$22,500 for SFR unit, 35% reduction from current level). 	<ul style="list-style-type: none"> - Formulaic approach silent on absorption assumptions. - CIP development forecasts unrealistic in the past. - Development absorption most significant driver of formula results (particularly land sale revenues, property tax revenues, and HCP costs). - Utilization of absorption assumptions consistent with Market Study conclusions would result in significantly lower tax rate reduction (< 10%).
2. Property Tax	<ul style="list-style-type: none"> - Includes property tax revenues generated from July 1, 2012 through legislated FORA sunset date (2020). 	<ul style="list-style-type: none"> - To the extent absorption extends beyond 2020, formula does not capture any property tax revenue beyond the current anticipated FORA sunset. 	<ul style="list-style-type: none"> - If legislated FORA sunset date extended, formula would capture additional property tax revenue through the revised FORA sunset. - If legislated sunset date not extended, no established mechanism for post-2020 collection of property tax revenue.

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Figure 1
Fort Ord Reuse Authority
Phase II Capital Improvement Program Review
Summary of Key Analysis Assumptions, Results, and Implications

Issue	Current Analytic Basis	Result/Implications	Caveats
3. Land Sale Revenue	<ul style="list-style-type: none"> - Adopted CIP development forecast assumes that all land transferred to private ownership by 2020. - Analysis assumes land value will be equal to 10% of finished real estate value. 	<ul style="list-style-type: none"> - Generates over \$55 million in projected future land sale revenue through 2020. - Result appears unrealistic. For example, current analysis identifies \$11 million in land sale revenue for Fiscal Year 2012/13. 	<ul style="list-style-type: none"> - Relies on highly aggressive development forecast. - Land value assumptions reflect typical industry standards. May be overstated relative to Fort Ord development. - Risk of strategic reinvestment of land sale revenue reducing FORA share. <ul style="list-style-type: none"> › Varying participation structures. › Other strategies to capture and convert land value to services funding. - If 50% of current land sale revenue projections were assumed, would result in tax rate reduction of approximately 23% (versus 35% with no adjustment).
4. CFD Special Tax Revenue	<ul style="list-style-type: none"> - Assumes collection of CFD Special Tax through buildout, currently assumed to be 2020. - Analysis uses buildout development to calculate CFD Special Tax revenue generated because this level of development is coincident with the full set of CIP improvements in FORA FY 2012-13 CIP. 	<ul style="list-style-type: none"> - Includes CFD revenue for all future development. If only a portion of CFD revenue is included, formula would result in lower tax rate reduction. 	<ul style="list-style-type: none"> - Realistic absorption assumptions may necessitate Developer Fee Policy/ CFD replacement mechanism to fund CIP improvements subsequent to FORA's legislated sunset. - If FORA legislated sunset extended, formula is unclear as to how CFD Special Tax revenue should be computed. Potential approaches: <ol style="list-style-type: none"> 1. Continue utilizing buildout forecasts to derive CFD revenue available to fund full CIP, consistent with buildout development levels.

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Figure 1
Fort Ord Reuse Authority
Phase II Capital Improvement Program Review
Summary of Key Analysis Assumptions, Results, and Implications

Issue	Current Analytic Basis	Result/Implications	Caveats
4. CFD Special Tax Revenue (cont).			<ol style="list-style-type: none"> 2. Revise formula to permit reduction of CIP expenditures to match development anticipated within FORA timeframe. 3. Otherwise revise the formula to clarify timeframe of assumed CFD special tax collection and revenue assumptions.
5. Habitat Conservation Plan	<ul style="list-style-type: none"> - HCP Endowment funding required driven by land use absorption assumptions. - Endowment is capitalized using an assumed maximum of 25% of CFD revenues may be dedicated to HCP endowment. - Assumes payout rate of 4.5%. - Includes \$18.8 million in HCP contingency. 	<ul style="list-style-type: none"> - Endowment funding approach minimized by land use absorption assumptions utilized, but reflects full contingency amount. - Endowment funding requirement includes full HCP contingency, reflecting potential for lower payout rate, slower absorption, and buffer to account for reduced tax rate and slower HCP endowment capitalization. 	<ul style="list-style-type: none"> - If fee lowered significantly, FORA will need to dedicate a higher percentage of CFD revenues to HCP, reducing amount available to fund capital projects. - Alternatively, FORA could continue to dedicate 25% of CFD revenues to the HCP, resulting in longer capitalization period and higher overall CFD funding requirement. - HCP funding requirement estimate contingent on development absorption assumptions. If development absorption slower than CIP forecast, would result in higher overall CFD funding requirement. - Funding requirement also contingent on payout rate achieved. Lower payout rate would require additional CFD funding.

"Issues"

Table 1
FORA Phase II CIP Review
CFD Special Tax Options

Land Use	Basis	Development Fee Policy/CFD Special Tax			
		Existing Rate	Preliminary Adjusted Rate	Difference	Percentage Change
		<i>July 1, 2012</i>	<i>April 11, 2013</i>		
			<i>ROUNDED</i>		
New Residential	per du	\$34,610	\$22,290	(\$12,320)	-35.6%
Existing Residential	per du	\$10,406	\$6,700	(\$3,706)	-35.6%
Office & Industrial	per acre	\$4,536	\$2,920	(\$1,616)	-35.6%
Retail	per acre	\$93,545	\$60,240	(\$33,305)	-35.6%
Hotel	per room	\$7,718	\$4,970	(\$2,748)	-35.6%

"pre_tax"

Sources: FORA and EPS.

Table 2
FORA Phase II CIP Review
Calculation of CFD Special Tax Funding Required

Item	Calculation	Amount
Remaining Capital Improvement Program and Other Costs		
Transportation/Transit	a	\$112,699,000
Water Augmentation - CEQA mitigation	b	\$23,526,000
Water Augmentation - voluntary contribution	c	\$21,655,000
HCP Endowment [1]	d	\$36,340,000
HCP Endowment Contingency	e	\$18,800,000
Fire Fighting Equipment	f	\$232,000
Contingency (MEC, Soil mgt. plans, insurance retention, etc.)	g	\$16,905,000
Additional Utility and Storm Drainage Costs	h	\$3,500,000
Other Costs (PLL Insurance)	i	\$3,000,000
Other Costs (CFD Administration)	j	\$1,000,000
Subtotal CIP Expenditures	k = sum (a to j)	\$237,657,000
Preston Park Loan Repayment	l	\$18,200,000
Total Expenditures	m = k + l	\$255,857,000
Estimated Sources of Funds		
Existing Fund Balances [2]	n	\$1,345,000
Existing Fund Balance for HCP Endowment [3]	o	\$4,596,000
Grants	p	\$1,000,000
CSU Mitigation Fees	q	\$327,000
Loan Proceeds	r	\$0
Land Sale Revenues [4]	s	\$77,415,000
FORA Property Tax Revenues [5]	t	\$14,509,000
Other Revenues	u	\$0
Total Other Sources	v = sum (n to u)	\$99,192,000
CFD Special Tax Revenue Required		
CFD Special Tax Revenue	w = m - v	\$156,665,000
FORA CFD Special Tax Revenue Summary		
Estimated Maximum Policy & CFD Special Tax Revenue [6]	x	\$243,200,000
Net Cost Funded by Policy and CFD Special Tax Revenue	y = w	\$156,665,000
CFD Special Tax Required as a % of Maximum	z = y / x	64.4%
Adjustment Factor Applied to Prior Year CFD Special Tax Rate	(Rounded)	64.4%

"cip_fund_1"

Source: FORA and EPS.

Amounts rounded to the nearest thousand.

[1] Includes existing fund balance for habitat mitigation.

[2] Existing fund balance provided by FORA as of February 2013.

[3] Equals existing fund balance for habitat mitigation as of February 2013.

[4] Reflects land sale revenue available after building removal obligations are met.

[5] Estimates based on formulaic approach. See Table C-1.

[6] Based upon remaining development subject to Basewide Development Fee Policy & CFD Special Tax.

Table 3
FORA CIP Phase II Review
Summary of HCP Endowment Payout Rate Sensitivity Analysis

Item	HCP Endowment Requirement
Alternative 1: 4.5% Payout Rate	\$32,000,000
Alternative 2: 3.5% Payout Rate	\$39,000,000
Difference	\$7,000,000
Percent of HCP Contingency	37%
Alternative 3: 2% Payout Rate	\$64,000,000
Difference	\$32,000,000
Percent of HCP Contingency	170%

"payout_sens"